



ORIGINAL

Approved: J.W.JACOB WARREN
Assistant United States Attorney

DOC # _____

Before: THE HONORABLE JAMES L. COTT
United States Magistrate Judge
Southern District of New York

17 MAG 4729

----- X

	:	<u>SEALED COMPLAINT</u>
UNITED STATES OF AMERICA	:	Violations of 7 U.S.C.
- v. -	:	§§ 2(c)(2)(C)(iv), 6b(a)(2)(A)-(C), and 13(a)(1)
MICHAEL WRIGHT,	:	& (5); 18 U.S.C. §§ 2, 1343
	:	
Defendant.	:	COUNTY OF OFFENSE:
	:	NEW YORK

----- X

SOUTHERN DISTRICT OF NEW YORK, ss.:

BEMPSEY G. CO, being duly sworn, deposes and says that he is a Special Agent with the Federal Bureau of Investigation (the "FBI"), and charges as follows:

COUNT ONE
(Commodities Fraud)

1. From at least in or about January 2011 through at least in or about June 2017, in the Southern District of New York and elsewhere, MICHAEL WRIGHT, the defendant, in or in connection with an order to make, and the making of, a contract of sale of a commodity for future delivery, made, and to be made, for and on behalf of, and with, another person, other than on or subject to the rules of a designated contract market: (a) cheated and defrauded another person, and attempted to do so; (b) willfully made and caused to be made to another person a false report and statement and entered and caused to be entered for another person any false record; and (c) willfully deceived another person, and attempted to do so, by any means in regard to an order and contract and the disposition and execution of an order and contract, and in regard to an act of agency performed, with respect to an order and contract for and with the other person, to wit, WRIGHT, while acting as a principal of Wright Time Capital Group, LLC, (a) falsely represented to investors that their money was going to be used to trade in off-exchange

foreign currency transactions; (b) falsely represented to investors the trading performance of Wright Time Capital Group, LLC; (c) misappropriated a large portion of investor funds for WRIGHT's personal use; (d) issued false accounts statements to investors, purportedly showing positive trading results in the investors' accounts; and (e) utilized investor funds in a Ponzi-like manner to make payments to other investors.

(Title 7, United States Code, Sections 2(c)(2)(C)(iv), 6b(a)(2)(A)-(C), and 13(a)(1)&(5); Title 18, United States Code, Section 2.)

COUNT TWO
(Wire Fraud)

2. From at least in or about January 2011 through in or about June 2017, in the Southern District of New York and elsewhere, MICHAEL WRIGHT, the defendant, willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations and promises, and attempting to do so, transmitted and caused to be transmitted by means of wire, radio, and television communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, to wit, WRIGHT, while acting as a principal of Wright Time Capital Group, LLC, (a) falsely represented to investors that their money was going to be used to trade in off-exchange foreign currency transactions; (b) falsely represented to investors the trading performance of Wright Time Capital Group, LLC; (c) misappropriated a large portion of investor funds for WRIGHT's personal use; (d) issued false account statements to investors, purportedly showing positive trading results in the investors' accounts; and (e) utilized investor funds in a Ponzi-like manner to make payments to other investors.

(Title 18, United States Code, Sections 1343 & 2.)

The bases for my knowledge and for the foregoing charge are, in part and among other things, as follows:

3. I have been a Special Agent with the FBI for approximately 13 years. I am currently assigned to the squad within the New York Division responsible for investigating violations of federal securities laws and related offenses. As part of my work at the FBI, I have received training regarding

securities and commodities fraud and white collar crimes. I am familiar with the facts and circumstances set forth below from my personal participation in the investigation, including my examination of reports and records, interviews I have conducted, and conversations with other law enforcement officers and other individuals. Because this affidavit is being submitted for the limited purpose of establishing probable cause, it does not include all the facts that I have learned during the course of my investigation. Where the contents of documents and the actions, statements and conversations of others are reported herein, they are reported in substance and in part, unless noted otherwise.

THE DEFENDANT AND HIS COMPANY

4. At all times relevant to this Complaint, MICHAEL WRIGHT, the defendant, was the founder and Chief Executive Officer of Wright Time Capital Group, LLC ("WTCG"). WRIGHT founded WTCG, a purported investment company, in January 2011.

OVERVIEW OF THE FRAUDULENT SCHEME

5. I have spoken with approximately ten individuals who invested money with WTCG (collectively, the "Victims"). The Victims are all family members, friends or acquaintances of MICHAEL WRIGHT, the defendant, and together invested more than \$400,000 in WTCG based on WRIGHT's representations that he would use their funds to trade in off-exchange foreign currency ("forex") transactions for the benefit of the investors.

6. From the outset of his soliciting investments for WTCG in January 2011, MICHAEL WRIGHT, the defendant, misrepresented to investors past gains WRIGHT had achieved through forex trading, which induced those investors to place more money in WTCG and helped WRIGHT solicit new investors to WTCG. Additionally, while WRIGHT initially engaged in some forex trading on behalf of the Victims upon obtaining their funds, he subsequently began to misappropriate Victim funds, using these funds to pay for a variety of personal expenses, including hotel and travel expenses. Finally, as Victims demanded the return of their funds, WRIGHT operated WTCG in a Ponzi-like fashion, using Victim funds to make payments to other Victims.

**WRIGHT'S MISREPRESENTATIONS TO INVESTORS
REGARDING WTCG PERFORMANCE**

7. Based upon my interviews of the Victims and my review of correspondence sent by MICHAEL WRIGHT, the defendant, to the Victims, I have learned that within a few months of starting WTCG, WRIGHT began misrepresenting to particular Victims the amount of growth that WTCG had achieved for the Victims through forex transactions. Specifically, based on my review of emails WRIGHT sent to the Victims between March 2011 and August 2011, WRIGHT claimed that WTCG trading had led to double-digit investment growth for particular Victims, as summarized in the chart below.

Email Date	Recipient	"Investments Year to Date"
March 13, 2011	Victim-1	"+11%"
April 15, 2011	Victim-1	"+23%"
May 27, 2011	Victim-1	"+34%"
June, 12, 2011	Victim-1	"+39%"
July 15, 2011	Victim-1	"+47%"
August 20, 2011	Victim-2	"[+] 63%"

8. Based on my review of the bank account records for MICHAEL WRIGHT, the defendant, and the trading and bank records for WTCG, I have learned that these representations were false. In truth and in fact, WRIGHT earned little to no return for WTCG's investors between January and August 2011.

9. As the scheme continued, MICHAEL WRIGHT, the defendant, continued to make false statements to the Victims regarding the purported performance of their WTCG investments. Based on my review of WTCG account statements (the "Account Statements") provided by the Victims, WRIGHT made the following representations:

a. In an Account Statement dated December 31, 2013, for a victim ("Victim-3"), WRIGHT represented that Victim-3's initial investment of \$15,000 with WTCG had a gain of 31% between February 20, 2013 and December 31, 2013.

b. In an email to Victim-2 on January 20, 2015, WRIGHT attached a statement of Victim-2's account balance, which showed an initial deposit of \$20,000 on October 24, 2013, and a purported 74% gain, of \$14,994.31, between October 25, 2013 and December 31, 2014.

c. In an Account Statement dated September 30, 2016 to Victim-2, WRIGHT represented that Victim-2's WTCG Account had a purported value of \$77,454.30, a 287% gain since Victim-2's initial investment of \$20,000 in October 2013.

10. Based on my review of WTCG's trading records and bank records, I have learned that, in truth and in fact, the purported increases in value set forth on these Account Statements are false. Specifically, based on my review of trading and bank records for WTCG and MICHAEL WRIGHT, the defendant, it appears that: (1) WRIGHT only used a small portion of the Victims' funds to engage in trading, and (2) that these trades largely resulted in losses.

11. By 2015, MICHAEL WRIGHT, the defendant, was only investing a small portion of Victim funds he received, despite telling Victims that their funds deposited would be placed in a trading pool (and traded), and that "[o]ur goal is to double your capital in a year. Thus, any fees prior to doing so will be fairly low." For example, WTCG's bank records show that between October 2015 and March 2016, WRIGHT deposited approximately \$85,000 from Victims into WTCG's bank account (the "WTCG Bank-1 Account"). Prior to the deposit of these Victim funds, the WTCG Bank-1 Account was empty. Additionally, no other funds were deposited into the WTCG Bank-1 Account during this time period except for Victim funds. Also during this same time period, approximately the entire \$85,000 was debited from WTCG's Bank-1 Account. Specifically, more than \$77,000 was transferred to WRIGHT's personal bank account, more than \$4,000 was withdrawn in cash; and more than \$3,000 in debit card purchases were made at, among other locations, a high end clothing store in Manhattan, various restaurants, a liquor store, a bowling alley, and the New York DMV. The WTCG Bank-1 Account was closed on May 10, 2016 due to an outstanding overdraft of more than 60 days.

WRIGHT USES VICTIM FUNDS TO REPAY OTHER VICTIMS

12. Based on my review of WTCG's trading records and bank records, I have also learned that beginning in at least 2015, MICHAEL WRIGHT, the defendant, continued to solicit investments into WTGG and then utilized investor funds to make payments to other Victims,¹ for example:

¹ WRIGHT also continued to misappropriate some Victim funds for personal use. For example, on October 27, 2015, WRIGHT deposited \$20,000 from a victim ("Victim-4"), into the

a. On January 19, 2016, WRIGHT deposited \$20,000 from a victim ("Victim-5"), into the WTCG Bank-1 Account. Prior to that transfer, the WTCG Bank-1 Account had a balance of negative \$247.20. On January 20, 2016 and January 28, 2016, WRIGHT made two transfers out of the WTCG Bank-1 Account of \$10,000 each to Victim-3.

b. On February 8, 2016, WRIGHT deposited \$35,000 from a victim ("Victim-6"), into the WTCG Bank-1 Account. Prior to that transfer, the WTCG Bank-1 Account had a balance of \$118.39. On February 23, 2016, WRIGHT wired \$10,000 out of the WTCG Bank-1 Account to Victim-3.

WRIGHT FLEES AND CUTS OFF COMMUNICATION WITH VICTIMS

13. Based on my review of an email account utilized by MICHAEL WRIGHT, the defendant,² I have learned the following, in substance in part:

a. On September 17, 2016, WRIGHT emailed a woman ("Individual-1")³ and stated, in part: "Getting my first check, been living on the street and owe people money, including you."

b. Ten days later, on September 27, 2016, WRIGHT emailed Individual-1 and wrote, in part: "Living with someone? I wish. I stay at a cheap hotel every 3 days. Took care of a few accounts that were overdraft. And still have a few bills I must take care of."

c. On October 14, 2016, WRIGHT emailed Individual-1 and wrote: "That day I was actually on my way to you like I said but fell asleep on the Amtrak and ended up in Philadelphia. I

WTCG Bank-1 Account. On the same day, WRIGHT transferred \$15,000 to his personal account. Based on my review of records, it appears WRIGHT used a portion of these transferred funds to pay the rent at his apartment.

² On May 25, 2017, the Honorable Ronald L. Ellis, United States Magistrate Judge for the Southern District of New York, authorized a search warrant for WRIGHT's email account.

³ Based on my conversations with the victims, and my review of WRIGHT's email account, I know that Individual-1 is the mother of WRIGHT's child.

used the little bit of money I had to get to NY so when I landed in Philla I was stuck for two weeks till I got paid (Wednesday). So yes it has been wild on my end."

d. On March 5, 2017, WRIGHT sent Individual-1 two emails that stated, in part:

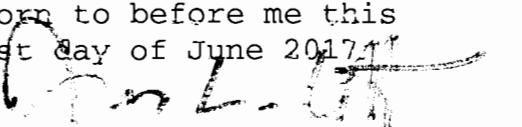
i. "I need to make sure these people get there money back in light of my irs stuff. This has been a trickle down effect and I know the possible effects. I freak out everyday as I think 'today will be the end.' . . . No one including [Individual-2] know where I live and it is out of my fear."

ii. "I'm not locked up yet but if I don't put everything back into place I will be in my opinion. . ."

WHEREFORE, deponent prays that an arrest warrant be issued for MICHAEL WRIGHT, the defendant, and that WRIGHT be imprisoned or bailed, as the case may be.


BEMPSEY G. CO
SPECIAL AGENT
FEDERAL BUREAU OF INVESTIGATION

Sworn to before me this
21st day of June 2017


THE HONORABLE JAMES L. COTT
UNITED STATES MAGISTRATE JUDGE
SOUTHERN DISTRICT OF NEW YORK